

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 05815 141844Z
ACTION STR-04

INFO OCT-01 EA-07 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 OIC-02 AF-10 ARA-10 EUR-12 NEA-10
/139 W

-----055587 141850Z /47

P R 141753Z JUL 77
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 9209
INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE GENEVA 5815

USMTN
ACTION STR
H PASS CODEL

EO 11652: N/A
TAGS: ETRD; MTN
SUBJECT: CONSULTATIONS WITH JAPAN

1. SUMMARY: ON JULY 12 THE US AND JAPAN HELD QR CONSUL-
TATIONS UNDER THE MTN QR SUBGROUP PROCEDURES. JAPAN,
WHICH HAS NOT SUBMITTED NOTIFICATIONS ON U.S. RESTRIC-
TIONS, SAID THEY WERE RE-EXAMINING THEIR INTEREST IN
U.S. MEASURES. SEPARATE REPORTS WILL BE SUB-
MITTED TO THE QR SUBGROUP AT A LATER DATE. END SUMMARY.

2. THE U.S. (NEWKIRK) AND JAPAN (TERADA AND TAMORI)
HELD QR CONSULTATIONS ON JULY 12 WITH RESPECT TO
U.S. NOTIFICATIONS OF JAPANESE QRS. US DEL SAID THAT
PURPOSE OF THE CONSULTATION WAS FOR INFORMATION EXCHANGE
AND POINTED OUT THAT ALTHOUGH THE UNITED STATES HAD SUB-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 05815 141844Z

MITTED REFINED NOTIFICATIONS WITH RESPECT TO SPECIFIC
PRODUCTS SUBJECT TO QRS IN JAPAN, THE U.S. WAS STILL
CONCERNED ABOUT THE TRADE RESTRICTIVE EFFECTS OF VARIOUS
JAPANESE IMPORT REGIMES AND WITH OTHER MEASURES HAVING
AN EQUIVALENT EFFECT ON TRADE AS A QR. JAPAN AGREED
ON THE PURPOSE OF THE CONSULTATIONS AND SUGGESTED THAT
DISCUSSION OF MEASURES OTHER THAN QRS BE HELD LATER

IN A APPROPRIATE FORUM. IN RESPONSE TO A U.S. QUESTION, JAPAN SAID THEY WERE RE-EXAMINING THEIR INTEREST IN U.S. IMPORT RESTRICTIONS TO DETERMINE WHETHER THEY WOULD MAKE ANY NOTIFICATIONS AGAINST THE U.S. UNDER THE QR SUBGROUP PROCEDURES.

3. IMPORT QUOTA (IQ) SYSTEM: THE U.S. PRESENTED ITS NOTIFICATIONS ON PRODUCTS UNDER THE JAPANESE IQ SYSTEM, EXPLAINED U.S. UNDERSTANDING OF THE OPERATION OF THIS SYSTEM, AND EXPRESSED CONCERN REGARDING THE LACK OF PUBLICATION OF QUOTA AMOUNTS WHICH CAUSED UNCERTAINTY FOR IMPORTERS/EXPORTERS. TERADA SAID THAT, GENERALLY, QUOTES ARE BASED UPON THE AMOUNT OF PREVIOUS IMPORTS AS WELL AS CONSUMING INDUSTRY RAW MATERIAL NEEDS. PUBLICATION OF QUOTA AMOUNTS, ACCORDING TO TERADA, WOULD LEAD TO POLITICAL PRESSURE BY INTEREST GROUPS TO REDUCE THE SIZE OF QUOTAS, ESPECIALLY ON LEATHER AND FOOTWEAR ITEMS WHICH THE U.S. HAS NOTIFIED.

4. DISCUSSION ON PRODUCTS SUBJECT TO QRS NOTIFIED BY THE U.S. IN SUMMARIZED AS FOLLOWS:

A) COAL: ALTHOUGH JAPAN HAS A HIGH COST DOMESTIC COAL INDUSTRY, GOJ ENERGY POLICY CALLS FOR THE MAINTENANCE OF A MINIMAL LEVEL OF DOMESTIC PRODUCTION. TAMORI POINTED OUT THAT U.S. IMPORTS HAVE BEEN INCREASING AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 05815 141844Z

REPRESENT THE HIGHEST AMOUNT OF ANY SINGLE SUPPLIER TO THE JAPANESE MARKET. STRESSING THE POLITICAL SENSITIVITY OF THIS ISSUE, TAMORI INDICATED THAT GOJ PLANS TO PROMOTE THE EFFORTS OF EFFICIENT COAL PRODUCERS WHILE ALLOWING MARGINAL PRODUCERS TO BE PHASED OUT. TAMORI OBSERVED THAT SINCE DOMESTIC PRODUCTION IS SMALL COMPARED WITH TOTAL DEMAND, THE EXPECTED CONTINUAL RISE IN DOMESTIC DEMAND WOULD REQUIRE AN INCREASE IN IMPORTS TO MAKE UP FOR THE SHORTFALL OF DOMESTIC SUPPLY. ACCORDING TO TAMORI, COALS IS SUBJECT TO A RESIDUAL QR AND IS INCONSISTENT WITH JAPAN'S GATT OBLIGATIONS.

B) CATTLE LEATHER AND FOOTWEAR: TAMORI CHARACTERIZED THE LEATHER INDUSTRY AS A "MOST DELICATE POLITICAL MATTER" AND CHOSE TO READ A PREPARED STATEMENT DESCRIBING THE ECONOMIC, SOCIAL AND POLITICAL BACKGROUND OF THE DOWA "PROBLEM". WITH GOJ PROMOTING SMALL AND MIDDLE SIZE INDUSTRIES WITH THE TRADITIONAL LEATHER PROCESSING PEOPLE, LIBERALIZATION OF QRS ON CATTLE LEATHER AND FOOTWEAR IS NOT POLITICALLY FEASIBLE. TAMORI POINTED OUT THAT QUOTAS ON FOOTWEAR HAVE BEEN ENLARGED FOR THE U.S. IN RECENT YEARS BUT THIS TREND IS ENCOUNTERING INCREASING OPPOSI-

TION. AGAIN, TAMORI NOTED THAT THIS IS A RESIDUAL QR
AND INCONSISTENT WITH JAPAN'S GATT OBLIGATIONS.

C) FLYING MACHINES AND PARTS THEREOF: TERADA DE-
CLARED THAT THIS QUOTA WAS JUSTIFIED ON GATT ARTICLE XXI
(NATIONAL SECURITY) GROUNDS. HE EMPHASIZED THAT THE
ADMINISTRATION OF THIS QUOTA IS FLEXIBLE. WITH LICENSES
FOR CIVIL AND GENERAL AVIATION CRAFT BEING GRANTED FREELY.
TERADA SAID THAT THERE WAS NO GOJ POLICY TO PROMOTE A
DOMESTIC AIRPLANE INDUSTRY WHICH WOULD BENEFIT FROM IN-
CREASED RESTRICTIONS UNDER THIS QR.

D) MEASURING INSTRUMENTS: THIS QR IS APPLIED ONLY
ON MEASURING INSTRUMENTS WHICH CONTAIN REPEAT CONTAIN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 05815 141844Z

NUCLEAR FUELS. TERADA CITED JAPANESE SENSITIVITY IN REGARD
TO RADIATION AS A RATIONALE FOR THIS QR CONTROL AND OF-
FERED GATT ARTICLE II, PROTECTION OF PUBLIC SAFETY, AS
JUSTIFICATION.

5. AT CLOSE OF CONSULTATION TERADA PROPOSED THAT WE SUB-
MIT UNILATERAL REPORTS TO THE QR SUBGROUP. HE WAS WILL-
ING, HOWEVER, TO CONSULT WITH THE U.S. ON HIS DRAFT
REPORT BEFORE FINALIZING THEIR SUBMISSION TO THE GATT
SECRETARIAT.MCNAMARA

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA05815
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770251-0286
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770759/aaaabyjx.tel
Line Count: 146
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0f27d76b-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1864858
Secure: OPEN
Status: NATIVE
Subject: CONSULTATIONS WITH JAPAN
TAGS: ETRD, JA, MTN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0f27d76b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009